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Supreme Court, U.S.
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No.

In the

Supreme Court of the United States

CRITICAL-VAC FILTRATION CORPORATION,
Petitioner,

v.

MINUTEMAN INTERNATIONAL, INC.,
Respondent.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Second Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Respondent Minuteman International, Inc. ("Minuteman") commenced a patent infringement suit in federal court in Illinois against petitioner Critical-Vac Corporation ("C-Vac"). The district court granted C-Vac summary judgment, which was affirmed by the Federal Circuit. Thereafter, C-Vac commenced an action in federal court in New York asserting various antitrust claims arising out of Minuteman's institution and pursuit of the patent infringement suit. The Second Circuit affirmed the district court's dismissal of C-Vac's claims on the basis that they are compulsory counterclaims under Rule 13(a) of the Federal Rules of Civil Procedure. Given this background, the questions presented are:

1. Whether the Second Circuit, in a decision directly contrary to rulings within the past six years by the United States Courts of Appeals for the Fifth and Ninth Circuits, each of which relied on this Court's decision in Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 662 (1944) ("Mercoid"), correctly held that C-Vac's claims were compulsory counterclaims?

2. Whether this Court's ruling in Mercoid should be followed because had C-Vac been obligated to assert its antitrust claims in the patent infringement suit, the purpose of Rule 13(a), which is to foster judicial economy, would not have been served, as C-Vac's claims, like other antitrust claims arising out of such patent infringement suits, almost certainly would have been separated for trial from the patent infringement claims because of the complexity and distinct elements of proof of antitrust and patent infringement claims?

3. Whether Rule 13(a) required C-Vac to assert its antitrust claims in the patent infringement suit when its

antitrust claims, which are much like claims for malicious prosecution, were not in existence when C-Vac answered the Complaint in the patent infringement suit?

Rule 29.6 Listing

C-Vac has no parent companies or any subsidiaries.

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C-Vac respectfully petitions for a writ of certiorari to review the judgment in this case of the United States Court of Appeals for the Second Circuit.

OPINIONS BELOW

The opinion of the Court of Appeals (attached as Appendix "A") is reported at 233 F.3d 697. The opinion of the District Court (Appendix "B") is unreported. There was no judgment issued by the District Court, and the judgment of the United States Court of Appeals was issued the same day as the opinion of the Court. The decision in the underlying patent infringement litigation (Appendix "C") is unreported. This decision was affirmed without opinion by the United States Court of Appeals for the Federal Circuit at 152 F.3d 947 (1998).

JURISDICTION

The Court of Appeals entered its decision on November 19, 2000. (Appendix "A") The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

STATUTORY PROVISION INVOLVED

Rule 13(a) of the Federal Rules of Civil Procedure, 28 U.S.C. Fed. R. Civ. P. 13(a), states in relevant part that "[a] pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against the opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim. . . .".

Rule 13(e) of the Federal Rules of Civil Procedure, 28 U.S.C. Fed. R. Civ. P. 13(e), provides in pertinent part that "[a] claim which either matured or was acquired by the pleader after serving a pleading may, with the permission of the Court, be presented as a counterclaim by supplemental pleading."

STATEMENT OF CASE

C-Vac's Complaint in the case at bar, filed in the United States District Court for the Northern District of New York, charged Minuteman with various antitrust violations stemming from Minuteman's patent infringement suit against C-Vac in the Northern District of Illinois (the "Illinois action"). C-Vac claims that in instituting and pursuing the Illinois action, Minuteman sought to enforce a patent that it knew to be invalid, that it knew was not being infringed, and that had been secured by fraud on the United States Patent

Office ("Patent Office"). (R. 7-11)[1] Because Minuteman has monopoly power in a relevant product and geographic market, these acts support C-Vac's claims that Minuteman monopolized and attempted to monopolize that market. (R. 9-11)

In the Illinois action, Minuteman sued C-Vac and others for infringement of Minuteman's reissue patent RE34,980 ("Reissue Patent"). C-Vac counterclaimed, inter alia, for a declaratory judgment of patent invalidity, unenforceability and non-infringement.

C-Vac moved for summary judgment on the issue of non-infringement only. The decision in the Illinois action (Appendix "C") details the history of the Reissue Patent and the facts underlying the grant of summary judgment.

Briefly stated, the Reissue Patent supplanted an original patent ("Original Patent") filed by Minuteman. The application for the Original Patent initially contained five claims directed to a vacuum cleaner combination. Each claim was rejected by the patent examiner as obvious in view of the prior art. One of the prior art references was a patent for an air cleaner that disclosed a filter having a flat gasket seal as one of its features.

Following the rejection by the examiner, Minuteman canceled four of its claims and limited its first claim to include a filter having a particular "tongue-in-groove" seal to distinguish the claim from the flat gasket seal disclosed by the prior art. The Original Patent, which issued on April 7, 1992, included a single claim directed to a vacuum cleaner combination, including a motor housing, motor, switch and filter having a tongue-in-groove seal.

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[1] References to "R" are to the Record on Appeal submitted by C-Vac on its appeal to the Second Circuit Court of Appeals.

After the Original Patent issued, C-Vac began manufacturing and selling a replacement filter for the vacuum cleaner combination claimed in the Original Patent. Rather than a tongue-in-groove seal, C-Vac's replacement filter had a flat gasket seal. When Minuteman realized that C-Vac's flat-gasketed filter did not infringe the Original Patent, Minuteman attempted to reclaim or "recapture" patent rights in C-Vac's flat-gasketed filters by seeking a reissue of the Original Patent to broaden the claim language and cover the filter *per se*.

To justify the reissue application, James J. Hill ("Hill"), the same attorney who prosecuted the Original Patent for Minuteman, alleged two errors.[2] First, he stated that he had mistakenly believed that the Original Patent, directed to a vacuum cleaner combination, covered the filter *per se*. Second, Hill stated in the reissue prosecution that, during the prosecution of the Original Patent, he was not aware that flat gasket seals could be substituted for tongue-in-groove seals. (R. 7-8)

The Reissue Patent, which issued on June 27, 1995, contains three claims. Claim 1, directed to a vacuum cleaner combination, is virtually identical to claim 1 of the Original Patent. Claims 2 and 3 are new, and are directed to the filter *per se*.

Minuteman sued C-Vac for patent infringement in the Illinois action claiming that C-Vac's filter infringed Claim 2 of the Reissue Patent. C-Vac's principal defense was that Minuteman had surrendered patent coverage for a flat gasket seal when it narrowed its claim to a tongue-in-groove seal to

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[2] A reissue is allowed when a patent is deemed wholly or partially inoperative or invalid through error without any deceptive intention. 35 U.S.C. §251.

avoid the prior art rejection. This defense relied on the recapture doctrine, which bars a patentee from acquiring through reissue claims of the same or broader scope than those it surrendered in prosecution.

The district court granted summary judgment to C-Vac on the issue of non-infringement. The Court's opinion concluded that the issues presented by C-Vac's motion could only be decided one of two ways, either of which would result in the dismissal of Minuteman's suit. If C-Vac's flat gasket seal was not an equivalent of Minuteman's claim language for the filter seal, then C-Vac was not infringing Claim 2. Alternatively, if C-Vac's seal was an equivalent of the language used by Minuteman in Claim 2, then Claim 2 would be invalid as a matter of law under the recapture doctrine. The district court found that Minuteman's assertion of error--that Hill (its attorney) did not realize that a flat gasket could be substituted for a groove--was not credible. First, during the prosecution of the Original Patent, Hill revised the application to cover a tongue-in-groove rather than a flat gasket seal to distinguish Minuteman's claim from the prior art. Second, Hill claimed the use of a tongue-in-groove over a flat gasket seal was more advantageous in the Original Patent application. (Appendix "C", pp. A-40 - A-42)

C-Vac's claims in the case at bar arise from Minuteman's actions in prosecuting the Original and Reissue Patents before the Patent Office and in attempting to enforce the Reissue Patent against C-Vac. C-Vac's Complaint alleges that Minuteman violated the antitrust laws by various of its actions. These actions include Minuteman's enforcement of the patent after Minuteman fraudulently withheld its own use of flat gasket seals from the Patent Office when the Original Patent was filed. They also include the fraudulent representations, which were made to the Patent Office by

Minuteman and Hill during the reissue process, that Hill was unaware of flat gasket seals. (R. 7-10).

In addition to its claims based on fraud, C-Vac also alleged in its Complaint in the present action that Minuteman brought the Illinois action to enforce the Reissue Patent, although it knew that this patent was invalid and unenforceable. (R. 10-11) Finally, the Complaint alleges that the Illinois action had no objective basis and was brought solely to harm C-Vac's business and to prevent C-Vac from competing with Minuteman in the sale of certain air filters used in Minuteman vacuum cleaners. (R. 10-11) Because Minuteman has a monopoly in the relevant market, C-Vac claims that these acts constitute illegal monopolization and attempted monopolization. (R. 9-11)

In affirming the district court's dismissal of C-Vac's claims, the Second Circuit ruled that C-Vac's claims were compulsory counterclaims in the Illinois action and that this Court's decision in Mercoid, 320 U.S. 661, creating an exception to the compulsory counterclaim rule, did not apply. The Second Circuit limited Mercoid to its facts and distinguished C-Vac's claims on the basis that Mercoid only applied in tying cases in which the validity of the underlying patent was not at issue.

REASONS FOR GRANTING THE PETITION

As the Second Circuit acknowledged in its opinion (Appendix "A", pp. A-11, A-12, n. 6), its decision conflicts with recent decisions of the Fifth and Ninth Circuits. Hydranautics v. FilmTec Corp., 70 F.3d 533 (9th Cir. 1995)

("Hydranautics")[3]; Tank Insulation Int'l. Inc. v. Insultherm, Inc., 104 F.3d 83 (5th Cir. 1997) ("Tank Insulation"). The Second Circuit, by its narrow reading of Mercoid, continued a disagreement among the Circuits about the scope of Mercoid that has existed for years.

It does not appear that there is any realistic prospect for resolving this conflict without a decision by this Court. Any appellate decision presumably would side with either the Fifth or Ninth Circuit cases or the recent Second Circuit case. If an appellate court went back even further in time to seek guidance on the scope of Mercoid, it would find conflicting Circuit Court decisions for nearly 20 years. See Burlington Indus., Inc. v. Milliken & Co., 690 F.2d 380 (4th Cir. 1982)(adopting same reasoning as Second Circuit); Fowler v. Sponge Prod. Corp., 246 F.2d 223, 227 (1st Cir. 1957) ("Fowler") (agreeing with C-Vac's reasoning).

The issue in question is important because patent infringement suits frequently give rise to potential antitrust claims under three different theories, all asserted by C-Vac in the case at bar. In Walker Process Equip., Inc. v. Food Mach. & Chem. Corp., 382 U.S. 172, 174 (1965) ("Walker Process"), the Supreme Court held that "the enforcement of a patent procured by fraud on the Patent Office may be violative of §2 of the Sherman Act ...." In Handgards, Inc. v. Ethicon, Inc., 601 F.2d 986, 994 (9th Cir. 1979) ("Handgards"), the court ruled that a claim for monopolization under §2 of the Sherman Act may be premised upon the prosecution of a patent infringement suit brought "in bad faith, that is, with knowledge that the patents, though lawfully-obtained, were invalid." Finally, under the doctrine set forth in various Supreme Court

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[3] This Court refused to grant certiorari to the Fifth Circuit Court of Appeals in FilmTec Corp. v. Hydranautics, 510 U.S. 824 (1993).

cases, the most recent of which is Professional Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc., 508 U.S. 49 (1993) ("PRE"), a claim exists for monopolization or attempted monopolization against a party that has brought a patent infringement suit if the suit is shown to have been both objectively baseless and subjectively intended to cause harm to the defendant in the patent case.

The number of recent district court decisions on this issue emphasize the frequency of the disagreement over the scope of Mercoid. E.g., Tindall v. Parks, No. 96-CV-7651, 1997 U.S. Dist. Lexis 12263 (S.D.N.Y. 1997)(construed Mercoid broadly); Longwood Mfg. Corp. v. Wheelabrator Clean Water Systems, Inc., 954 F.Supp. 17 (D. Me. 1996)(disagreed with Fowler, supra, but was bound to follow it); Rohm and Haas Co. v. Brotech Corp., 770 F.Supp. 928, 931 (D. Del. 1991)(limiting Mercoid to its facts); American Packaging Corp. v. Golden Valley Microwave Foods, Inc., 1995 W.L. 262522 (E.D. Pa. May 1, 1995)(limiting Mercoid to its facts); Boston Scientific Corp. v. Schneider (Europe) AG, 983 F.Supp. 245 (D. Mass. 1997)(discussing conflicting interpretations of Mercoid).

The Federal Circuit also confronted the issue in Genentech, Inc. v. Regents of University of California, 143 F.3d 1446 (Fed. Cir.), vacated on other grounds, ___ U.S. ___, 119 S.Ct. 2388 (1998). Because it erroneously reviewed the district court's decision on an abuse of discretion standard, the Federal Circuit did not definitively rule on the issue. The Court did note, however, that there was not "unanimity among the circuits" on this issue, and that this Court's decision in Mercoid "has occasioned varied application on particular facts." Id. at 1456.

Not surprisingly, given the varying interpretations of Mercoid, this issue--whether antitrust claims are compulsory in a patent infringement suit--has been the subject of recent practical legal commentary. See Teague I. Donahey, Antitrust Counterclaims in Patent Infringement Litigation: Clarifying the Supreme Court's Enigmatic Mercoid Decision, 81 J. Pat. 8 Trademark Off. Soc'y 493 (July 1999); Marc D. Machlin & David M. Young, Reining in Antitrust Counterclaims in Patent Infringement Cases, Antitrust Report 2 (April 2000).

By granting the writ for certiorari, this Court can resolve the conflict among the Circuits and define the scope and continuing vitality of Mercoid. C-Vac's position is that because judicial economy often is served by bifurcation of patent infringement and antitrust claims arising out of the patent suit, there is no reason to limit the Mercoid rule that such antitrust claims are permissive counterclaims. Finally, on the underlying merits of the case at bar, even apart from the Second Circuit's narrow and improper reading of Mercoid, it is clear that at least two of the three antitrust claims of C-Vac, which are in the nature of claims for malicious prosecution, were not claims that it had at the time of its responsive pleading in the Illinois action. Therefore, they were not required to be pled under Rule 13(a), which only requires interposition of claims one has "at the time" of the pleading, or under Rule 13(e), which defines as supplemental pleadings those which mature or are acquired after the initial pleading.

A. There Is a Clear, Recent Conflict Among the Circuits That Is Not Likely to Be Resolved Short of a Definitive Ruling of this Court.

While various cases have questioned the continuing validity of Mercoid, even as they have tried to distinguish it, several recent decisions, including decisions from the Fifth and

Ninth Circuits (Tank Insulation and Hydranautics), have recognized that Mercoid compels the conclusion that claims such as those being asserted by C-Vac here are permissive, and not mandatory, counterclaims. Of the five Circuit Courts that have interpreted Mercoid in cases involving antitrust claims arising from patent infringement suits, three have concluded that Mercoid held that such claims are permissive counterclaims and two have not.

In Mercoid, 320 U.S. 661, this Court ruled that an antitrust claim arising out of a patent infringement claim was a permissive, and not a mandatory, counterclaim. The issue arose in a second action involving a patent owned by Mid-Continent Investment Company ("Mid-Continent"). In that second action, Mid-Continent sued Mercoid, which asserted an antitrust counterclaim contending that Mid-Continent had unlawfully attempted to expand the scope of its patent. Mid-Continent argued that Mercoid should have asserted the claim as a counterclaim in an earlier patent suit (the first action) brought by Mid-Continent, which involved the same patent, and in which Mercoid, the manufacturer of the allegedly infringing device, paid for the defense of Smith, a customer of Mercoid. See Mid-Continent Inv. Co. v. Smith, 35 U.S.P.Q. 204 (W.D. Mo. 1937).

This Court assumed in its analysis that Mercoid was a party to the first action. Mercoid, 320 U.S. at 699. As a "party" to the first action, Mercoid could have asserted an antitrust counterclaim. However, this Court rejected Mid-Continent's argument that the antitrust claim had to have been asserted in the first action because it was a compulsory counterclaim. Rather, this Court held that the counterclaim was permissive. Id. at 671.

Since the Court's ruling, Mercoid has been subject to varying interpretations. In addition to the recent Fifth and Ninth Circuit decisions discussed in more detail below, the First Circuit in Fowler v. Sponge Products Corp., 246 F.2d 223, 227 (1st Cir. 1957), said that the "Supreme Court has clearly stated that a counterclaim for treble damages [under the antitrust laws] is permissive in nature...." Before the Second Circuit's decision at bar, the only Circuit Court opinion to the contrary was Burlington Indus., Inc. v. Milliken & Co., 690 F.2d 380 (4th Cir. 1982).[4]

In Tank Insulation, 104 F.3d 83, the Fifth Circuit reversed the district court's decision that the antitrust claim at issue was barred because it should have been asserted as a compulsory counterclaim in the prior patent infringement case. The plaintiff argued that, even if its claim met the definition of a compulsory counterclaim, Mercoid made an exception to that rule for antitrust actions based upon patent infringement lawsuits. After closely reviewing Mercoid, the Fifth Circuit said that it was "persuaded that the [Supreme] Court fully intended to say what it said and that the holding was not dicta. Mercoid is, therefore, binding precedent and decides the question before us." Id. at 86. The Fifth Circuit concluded that the Supreme Court "indeed created an exception to rule 13(a) for antitrust counterclaims in which the gravamen is the patent infringement lawsuit initiated by the counterclaim defendant." Id. at 87.

In Hydranautics, 70 F.3d 553, the Ninth Circuit concluded that Mercoid had held that a "claim that patent infringement litigation violated an antitrust statute is a

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[4] The Second Circuit in U.S. v. Eastport Steamship Corp., 255 F.2d 795, 805 (1958), had said in dicta, in a non-patent infringement case, that Mercoid was limited to its facts.

permissive, not a mandatory, counterclaim in a patent infringement case, and is not barred in the subsequent suit by failure to raise it in the infringement suit." The Court noted that while there might be some cases in which resolving both issues at once would be preferable, Mercoid allowed a party to raise its antitrust claims in a separate and subsequent action.

Because three Circuit Courts of Appeal have addressed and split on this issue in the past six years, its importance and the potential for reoccurrence are evident. The Fifth and Ninth Circuits have read Mercoid as holding that antitrust claims arising from patent infringement actions are permissive counterclaims, whereas the Second Circuit espouses an extremely narrow interpretation of Mercoid, essentially limiting its holding to cases of tying where validity of the underlying patent is not at issue. This conflict will continue to cause confusion in a complex and important area of the law.

B. Because Judicial Economy Is Served by the Bifurcation of Patent Infringement and Antitrust Claims Arising out of the Patent Infringement Suit, There Is No Reason to Read Mercoid Narrowly and Require Most Antitrust Claims Arising out of Patent Infringement Suits to Be Asserted as Compulsory Counterclaims.

In Hydranautics, 70 F.3d 553, the Ninth Circuit supported its decision by noting that Mercoid is consistent with the general practice of separating for trial patent infringement issues from antitrust issues because of the different elements of proof of each. Numerous cases have recognized the benefits of such a practice.

In Hunter Douglas, Inc. v. Comfortex Corp., 44 F.Supp.2d 145 (N.D.N.Y. 1999) ("Hunter Douglas"), the Court thoroughly analyzed the issue and cited various policy justifications for bifurcating such claims, noting how frequently this is done. In its decision, the Court reasoned that the practice of having antitrust and patent claims tried together had "left courts with the unenviable task of trial management in the light of the complex legal and factual issues brought to bear in patent/antitrust cases." Hunter Douglas, 44 F.Supp.2d at 149.

The Court further noted that several courts, including the Federal Circuit, have separated for trial the patent issues from those grounded in antitrust. Id. (citing Alarm Device Mfg. Co. v. Alarm Products Intern., Inc., 60 F.R.D. 199, 202 (E.D.N.Y. 1973) [stating that "[m]ore often than not, separate trials of patent validity-infringement claims and misuse-antitrust claims have been found to be salutary")]. In fact, In Re Innotron Diagnostics, 800 F.2d 1077, 1084 (Fed. Cir. 1986), the Federal Circuit noted with approval the "standard practice of separating for trial patent issues and those raised in an antitrust counterclaim," and it referred to 23 cases from various Circuits cited by one of the parties that supported the view that bifurcation was the "standard practice." As the Court pointed out in Hunter Douglas, failing to bifurcate could confuse a jury "because it would have the impossible task of compartmentalizing the legal, factual and economic concerns inherent in both patent and antitrust matters." Id. at 154.

If, as numerous courts have recognized, bifurcation is to be the ultimate result, the decision in Mercoid that antitrust claims need not be brought as counterclaims in the patent

infringement action remains appropriate, although perhaps not for the reasons that led to the Mercoid decision. The wealth of precedent requiring separate trials demonstrates that judicial economy and fairness do not mandate that these counterclaims should be compulsory. See Hydranautics, 70 F.3d at 536.

Indeed, a ruling that Mercoid requires antitrust claims to be asserted in the context of a patent infringement action would not comport with the Federal Rules' emphasis on narrowing and focusing issues in litigation. The recent amendments to Rule 26 limit attorney-controlled discovery to matters "relevant to the claim or defense of any party." Fed. R. Civ. P. 26(b)(1). The purpose of the amendments was "to reduce the costs of discovery, increase its efficiency,. . .and to encourage the judiciary to participate more actively in case management." Amendments to Federal Rules of Civil Procedure, Federal Rules of Evidence, Federal Rules of Criminal Procedure and Federal Rules of Bankruptcy Procedure, adopted April 17, 2000, effective December 1, 2000, reported at 192 F.R.D. 340, 356-57 (2000)

The procedure espoused by C-Vac for dealing with antitrust claims arising out of patent infringement suits, which procedure is sanctioned by Mercoid, allows the narrowing of issues for discovery and trial. The defendant can wait until it is successful in the infringement procedure case to assert antitrust claims rather than asserting them prematurely during the infringement case. Proceeding this way fosters judicial economy. As the Ninth Circuit said in Hydranautics, 70 F.3d at 537, there is "not much point in litigating" any antitrust claims arising out of the patent infringement suit until the patent infringement suit is resolved.

C. Even Apart from its Failure to Follow Mercoid, the Second Circuit's Decision Was Erroneous Because C-Vac's Antitrust Claim Was Not One it Had at the Time of Its Responsive Pleading in the Illinois Action.

In addition to its "Walker Process" claim (see, *supra*, p. 7), C-Vac's Complaint alleges that Minuteman sought to enforce a patent that it knew to be invalid and that it engaged in sham litigation to enforce this invalid patent. Both of these claims are essentially malicious prosecution claims that C-Vac did not have when it responded to the complaint in the Illinois action. Therefore, they were permissive pursuant to Rule 13(a), which only requires the interposition of claims had "at the time" of pleading, and pursuant to Rule 13(e), under which claims matured or acquired after the initial pleading are permissive counterclaims.

To enforce a patent known to be invalid violates the strictures first set forth first in Handgards. (See, *supra*, pp. 7). That Handgards-type cases (such as that brought by C-Vac here) are in the nature of malicious prosecution suits is revealed clearly by a later case in the Handgards history. In Ethicon, Inc. v. Aetna Cas. and Sur. Co., 737 F.Supp. 1320 (S.D.N.Y. 1990), the Court confronted the issue of whether Ethicon could seek reimbursement from its insurer for the judgment ultimately rendered against it in the Handgards litigation in California. In that litigation, of course, the claim for which Ethicon ultimately was found liable was an antitrust claim. In concluding that insurance coverage existed for Ethicon, the Southern District made it clear that it was basing its determination primarily on the fact that while the case in California had been won on an antitrust theory, it had at its heart the types of claims, such as malicious prosecution, for which insurance existed.

The Court in Hydranautics analogized the type of antitrust claim before it to a suit for malicious prosecution, noting that a plaintiff's claim in a malicious prosecution case (much like C-Vac's claims in the case at bar) attacks the suit itself as the wrong. 70 F.3d at 536. The Court said that it was generally the rule that a "malicious prosecution claim cannot be asserted as a counterclaim to the original suit which furnishes it predicate," and the Court went on to conclude that Mercoid was "consistent with this approach, and we see no reason to distinguish Mercoid from the case at bar." Id. at 537. As the Court said, "there was not much point in litigating Hydranautics' antitrust claims until FilmTec's infringement case was resolved." Id.

A claim that a party has engaged in sham litigation is almost synonymous with a claim for malicious prosecution. In fact, in PRE (see, *supra*, p. 8), the most recent Supreme Court decision dealing with the doctrine of sham litigation, this Court discussed the objective component involved in proving a claim of sham litigation. This Court held that the Court of Appeals had ruled properly that to satisfy the objective prong, the defendant had to have pursued claims "so baseless that a reasonable litigant could not realistically expect to secure favorable relief." Id. at 62.

The Supreme Court then said that if there were probable cause to start an action, this could preclude "a finding that an antitrust defendant has engaged in sham litigation." Id. In its discussion of the concept "of probable cause as understood and applied in the commonlaw tort of wrongful civil proceedings," Id., the Court noted that "[t]his tort is frequently called "malicious prosecution...." Id., at n.7.

While much of the focus in cases involving Rule 13(a) is on whether the claim arises "out of the transaction or occurrence that is the subject matter of the opposing party's claim," this focus can overlook the language in Rule 13(a) that a claim that has to be asserted as a compulsory counterclaim is one which "at the time of serving the pleading" the defendant has against the plaintiff. This is not a meaningless distinction, for Rule 13(e) specifically states that a counterclaim may be asserted later in an action if it "matured or was acquired by the pleader after serving a pleading...."

It may be argued that C-Vac should have taken the safe course and asserted antitrust counterclaims in its answer in the Illinois action in the event that such claims would later be regarded as compulsory. Leaving apart any obligations under Rule 11, courts have frowned on the assertion of certain claims in patent infringement suits unless there is a basis for such claims. For example, in Burlington Indus., Inc. v. Dayco Corp., 849 F.2d 1418, 1422 (Fed. Cir. 1988), the Court, in language applicable to indiscriminate assertion of antitrust counterclaims in patent infringement suits, said about the assertion of claims of inequitable conduct in patent infringement suits:

> We add one final word: the habit of charging inequitable conduct in almost every major patent case has become an absolute plague. Reputable lawyers seem to feel compelled to make the charge against other reputable lawyers on the slenderest grounds, to represent their client's interests adequately, perhaps. They get anywhere with the accusation in but a small

> percentage of the cases, but such charges are not inconsequential on that account. They destroy the respect for one another's integrity, for being fellow members of an honorable profession, that used to make the bar a valuable help to the courts in making a sound disposition of their cases, and to sustain the good name of the bar itself. A patent litigant should be made to feel, therefore, than an unsupported charge of "inequitable conduct" in the Patent Office is a negative contribution to the rightful administration of justice. The charge was formerly known as "fraud on the Patent Office," a more pejorative term, but the change of name does not make the thing itself smell any sweeter.

C-Vac had no obligation to assert its antitrust claim when it answered in the Illinois action when it had no basis for so alleging. The fact that malicious prosecution claims cannot be prosecuted until the defendant in the first action has been successful does not nullify the language in Rule 13(a) concerning compulsory counterclaims, but comports with that part of the Rule providing that a compulsory counterclaim is one that the defendant has against the plaintiff "at the time of serving the pleading." The claims asserted by C-Vac simply did not exist when it served its responsive pleading in the Illinois action. Rather, as contemplated by Rule 13(e), these claims matured and were acquired after that pleading.

CONCLUSION

For the reasons stated, the petition for a writ of certiorari should be granted.

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